

Representative
MARK SCHOESLER

Representative
DON COX

2001 Legislative Review

Serving Asotin, Whitman, Adams and south Spokane counties



Dear Friends,

By any measure, the outcome of the 2001 legislative session was a mixed bag of successes and disappointments. The operating budget is the most glaring example of the Legislature's failures, and averting a major increase in the gas tax — as we pressed for necessary cost-saving reforms — was among the session's victories.

We were successful in stopping a Senate proposal to tap pension reserves from the Law Enforcement Officers and Fire Fighters (LEOFF) retirement system, but the final budget is seriously flawed, unsustainable and fiscally irresponsible.

We are disappointed the Legislature was unable to reach agreement on a comprehensive long-term plan to fix the state's congested transportation system, but we remain unwilling to support proposals to raise gas taxes, gross-weight surcharges and other fees without first adopting efficiencies to take full advantage of every tax dollar spent on transportation.

This session review provides an overview of these and some of the other issues we addressed this year — issues that will have an impact on you and your family. If you have questions or comments, please call our offices or write a letter. It's an honor and privilege to represent you in Olympia.

Sincerely,

Mark J. Schoesler *Don Cox*

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Transportation – public trust must precede more spending



Bringing relief to congested roads and highways is a critical priority, but not without cost-saving reforms proposed by House Republicans that would help get the job done and save billions of dollars in the process.

The \$9 billion transportation proposal advanced by the governor and House Democrats in the Legislature's third special session would raise the tax burden on the average family of four up to **\$272 a year**. In addition to a 9-cent gas tax, the massive package included an increase in the tax on diesel fuel, and an increase in fees paid by the owners of commercial trucks and recreational vehicles. The proposed sales tax increase on purchases of new and used vehicles was also of concern because it would have added about \$300 to the price of a \$20,000 truck or car.

We feel strongly that we should not consider burdening the citizens of Washington with higher taxes until a genuine effort has been made to rein in wasteful spending and eliminate costly bureaucratic delays. Moreover, the input we have been getting from constituents makes it clear that citizens of the 9th District strongly oppose new tax increases for transportation without assurances that tax dollars will be used efficiently and accountably.

House Republicans pressed a four-point package of efficiencies and reforms to ensure accountability, maximize the efficient use of taxpayer dollars, and rebuild the public's trust in state government. The first element of the GOP transportation efficiency package — streamlining the project permitting process — was signed by the governor May 29. So far, there has been no agreement on prevailing wage reforms or legislation to contract out more work to the private sector using competitive bidding practices — including privatization of ferry services.

The 'bare bones' transportation plan approved June 21 by the Legislature will do as much as possible with available revenues, but at \$3.411 billion it's only a step toward addressing the state's long-term transportation needs. House Republicans are not backing down from our goal of forging long-term improvements for

Washington's transportation system, and we're prepared to move forward with bipartisan negotiations. But without assurances that transportation dollars will be used as wisely and efficiently as possible, we will not support proposals to raise your taxes.



As House Republican Whip, Rep. Schoesler worked with other caucus leaders to help shape policy decisions and the legislative agenda. In the photo above, he confers with Eastern Washington colleagues in the House chamber during a floor session.

Schoesler ag bills signed into law



House Bill 1140 — Allows businesses that store grain and other agricultural commodities to pay business and occupation taxes after they receive payment for storage costs. The bill will allow warehouses to operate more profitably and solve a cash-flow problem for grain-storage businesses.

Typically, storage costs aren't collected from the producers until they've sold their crop, and that can take up to a year. In the meantime, grain elevators and warehouses incur ongoing expenses for insuring and maintaining grain quality. Now the owners of these facilities can defer the B&O tax on stored commodities until after the storage and handling fees are paid.

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Substitute House Bill 1136 — Requires that the state Department of General Administration adopt strawboard product standards like those in use by the Environmental Protection Agency. The measure is geared toward boosting strawboard marketing prospects, including encouraging state agencies to purchase agricultural-fiber products.

Since the wheat growers' agreement to reduce emissions from field burning, and Ecology's ban on most burning of perennial grass-seed fields, the strawboard industry provides farmers an alternative to help reduce the overabundance of straw they've had to bale and store or let rot. This bill will help develop new market opportunities for agricultural-fiber products.

Governor signs Schoesler auto-auction bill

Legislation modifying the state business and occupation (B&O) tax on wholesales of new and used vehicles was signed May 11 by Gov. Locke. The bill will keep businesses like the West Plains-based Dealers Auto Auction Northwest (DAA) competitive with car-auction counterparts in neighboring states.

Imposing that point-of-sale tax puts Washington at a competitive disadvantage, because dealers can and do take their business to Boise or Butte or Portland where there is no auction tax. The regional auctions also attract licensed buyers from as far away as Alaska, Utah and California. We have to be on equal footing to compete with the business environments in neighboring states. This bill levels the playing field for auction businesses like DAA that create hundreds of local jobs and generate million-dollar payrolls in their communities.

Under **House Bill 1119**, registered dealers are exempt from the B&O tax on auto auction wholesales to other registered dealers. The measure also allows dealerships to sell vehicles to one another (to adjust inventories) without having to pay B&O tax on those transactions. B&O taxes will still be paid by Washington dealers who make "courtesy deliveries" to local customers for out-of-state sellers. The DAA and other auctions will also continue to pay taxes on the fees they charge sellers for title paperwork, commissions, and other services to prepare the vehicles for sale.

The bill will not result in a loss of tax money at a time when the budget is tight and every dollar of state revenue is critical. The tax dealers pay on courtesy deliveries will generate about \$4.6 million, which will more than make up the difference.

Keeping rural hospitals open

Legislation to help rural hospitals stay alive and financially viable was signed into law June 15. Odessa Memorial Hospital and other hospital facilities that serve small communities have faced severe budget difficulties because of low reimbursements. **House Bill 1162**, which we co-sponsored, will allow eligible hospitals to make up the difference between what Medicaid and Medicare pay and what medical services actually cost. This legislation — a matter of life or death for people in many rural communities — provides the boost smaller hospitals needed to keep their doors open.



Bringing common sense to water management

Washington's water resources are stretched among the needs of fish, agriculture, business and residential development, and hydropower generation. Some 7,000 applications for new or changes to existing water rights have stacked up because the Department of Ecology can't process them efficiently. This backlog has thwarted economic development and agriculture for years.

This session, House Republicans fought to improve watershed planning and processing of water rights permits — while protecting established water rights, particularly those which can't be used because of restrictions like the Endangered Species Act. **House Bill 1832** has been called the most significant piece of water legislation to be passed by the Legislature in 30 years. It will help alleviate the huge backlog of water-permit applications and give farmers more flexibility in where and how water is used. The bill was signed into law May 10.



Operating budget a recipe for financial disaster

We voted against the \$22.8 billion operating budget, which we view as a “time bomb” that irresponsibly ignores economic realities and sets the stage for a probable tax increase. The budget isn’t sustainable and it’s unfair to the citizens we represent. The weak economy, rising energy prices and other factors are already making it tough for people in the 9th District to make ends meet. Just like the ill-conceived budgets in the early '80s and '90s, this budget repeats those mistakes, and inevitably the taxpayers wind up being the victims.



The budget spends \$667 million more than expected revenue and ignores the latest report from the state Revenue Forecast Council showing tax collections in the next two years will be down by \$144 million.

The projections say that two years from now we could be in the red to the tune of **\$1.7 billion**. We cannot support an approach to budgeting that recklessly spends now and worries about the bill later. This budget disregards economic reality, and that’s a recipe for financial disaster.

Throughout the budget-writing process, House Republicans remained committed to working in a collaborative manner to effectively and responsibly address the state’s financial challenges, but when the going got tough, Senate budget negotiators walked away.

We tried hard to weave restraint and discipline into the budget-writing process. But in the end, our efforts were disregarded and dismissed. The Senate’s decision to abruptly end the budget negotiations was disappointing and counterproductive. We had the opportunity — the framework was in place — for a sensible bipartisan budget. Instead, what we were presented was a budget that relies on unreliable assumptions and careless choices.

People all over the state are making sacrifices and hard decisions about their personal finances. Rather than forging a plan reflecting sound, responsible fiscal policy, this budget is full of assumptions that will leave the next Legislature scrambling for new sources of revenue, or force us to drastically cut services. If that happens — and we believe it will — we’ll see real pain.

Cox bills improve quality of education

Education continues to be a priority for the 9th District legislative team. Working with local education service districts, we crafted legislation to streamline the hiring of school superintendents, as well as to improve their ability to recruit educational service district employees. The following measures were recently signed into law:



- **HB 1255** — Provides educational service districts (ESDs) with improved tools to hire and retain quality employees by allowing them to offer deferred compensation and liability, life, health, accident and disability insurance to employees. The bill ensures ESDs may offer the same types of insurance coverage that school districts may offer. Like school districts, ESDs may also offer and pay all or part of the cost of insurance protection for students in interscholastic athletics.
- **HB 1256** — Creates a less cumbersome process for selecting local educational service district superintendents by expanding the superintendent review committee to include a subcommittee of the educational service district board. This measure provides ESD directors, who ultimately are held accountable, to fully participate in the process of selecting a superintendent.
- **HB 1257** — Allows ESDs to borrow money in order to acquire real and personal property. This measure provides all nine regional educational service districts with greater flexibility to purchase property. Prior to passage of HB 1257, only ESDs serving a minimum of 200,000 students were able to borrow money for these purposes.
- **HB 1313** — Protects students who attend private vocational schools from losing their tuition in the case of school closure or unfair business practices. The measure allows the Workforce Training and Education Coordinating Board to revoke or suspend licenses of private vocational schools that have been found to have substantial unfair business practices, and allow students to fully recover any tuition paid for classes they were unable to take due to the school closure.

Combating student identity theft



The crime of identity theft is an increasing problem in our society. Identity theft threatens an individual's credit history and good name, but it can be particularly devastating for students just starting to build their credit and financial reputations. To combat this serious crime, we adopted legislation that limits institutions of higher education from using a student's Social Security number for any identification purposes except as required for employment, financial aid, transcripts or as allowed by state and federal laws.

Eastern Washington University to offer doctorate in physical therapy

The National Accrediting Association for Physical Therapy announced that the profession is moving to a doctorate in physical therapy degree program. Several regional universities offering physical therapy are converting to a doctorate in physical therapy program (DPT). Legislation to establish a physical therapy program at Eastern Washington University at the doctorate level was passed this session. This legislation will allow Washington to remain competitive in the field.



Rep. Don Cox, co-chairman of the House Higher Education Committee, listens to testimony during a public hearing on higher ed issues.

Legislature passes compromise energy bill



The energy package that passed the Legislature reflects a responsible balance – combining sensible conservation, streamlined siting procedures, financial incentives, and a focus on new power generation. Unfortunately, the bill is only a first step toward resolving the state's energy crisis.

The key to addressing the energy crisis is more power. Our measure will help bring new power to our region's energy grid by streamlining the permitting process for generating facilities, encouraging direct service industries to build their own on-site power plants, helping older power plants operate for longer periods, and promoting renewable energy sources.

An important element of the bill will speed up the state's energy facility siting process for small- and medium-sized power plants. It also provides large power users, such as aluminum smelters, a tax credit for producing their own electricity with co-generation plants. The measure also offers tax breaks to utilities that participate in energy assistance programs for low-income families.

Capital budget includes WSU, EWU improvements



It's no secret that money was tight this year, but the capital budget included about \$140 million for a variety of state facilities and projects in the 9th District, including several campus improvements at Washington State University and Eastern Washington University.

The capital budget, which is handled separately from the main operating budget and the transportation budget, includes funds for remodeling and construction of state office buildings, public schools, colleges and universities, parks and green space, and acquisition of threatened lands.

A total of \$103 million was provided for WSU, which included over \$82 million for projects on the Pullman campus. Among them are new facilities at Murrow Hall (\$10.9 million); Johnson Hall (\$3.5 million); and the Shock Physics Building (\$10.6 million). The budget also includes \$23 million for renovation of an energy plant,

(continued on back page)

**Representative
MARK SCHOESLER**

**9TH DISTRICT
LEGISLATIVE TEAM**

**Representative
DON COX**

Capital budget, cont.

and \$11.5 million is targeted for various campus infrastructure and preservation projects.

Cheney Hall, a proposed engineering and computing complex, will receive \$3.6 million for design work as part of \$30.4 million in capital projects at EWU. Funding is also provided for design work on Senior Hall (\$1.2 million); classroom upgrades (\$2.2 million); replacement of heating, ventilation and cooling equipment (\$3 million); and campus infrastructure projects (\$10 million).

The budget also would provide Eastern State Hospital with \$9.2 million for campus renovation.

We had to strike a balance between requests and the resources we have available. Not everyone got what they wanted, but the package is a fiscally responsible investment in Washington.

If you need help during the interim...

Even when the Legislature is not in session, our responsibilities as your state legislators continue during the interim. Resolving constituent problems and providing information is a major part of our job representing you in Olympia, so please let us know if you're having difficulty in dealing with state government. We are always ready to lend a helping hand.

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